

## Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 STRE-00 AF-10 ARA-10 EA-10 EUR-12 NEA-11  
JUSE-00 /167 W

-----077382 290123Z /14

R 281859Z JUN 78  
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TO SECSTATE WASHDC 1454

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E.O. 11652: N/A  
TAGS: ETRD, GATT  
SUBJECT: GATT COMMITTEE ON TRADE & DEVELOPMENT

REF: STATE 158615

1. SUMMARY: GATT COMMITTEE ON TRADE AND DEVELOPMENT MET  
IN SPARSELY ATTENDED SESSION TO HEAR LDC COMPLAINTS ON  
MTN AND EXPRESS GENERAL CONCERN OVER PROTECTIONISM.  
U.S. URGED COMMITTEE TO EXAMINE WHAT ITS ROLE SHOULD BE  
AFTER THE MTN. END SUMMARY.

2. GATT CTD MET JUNE 23 WITH SEVERAL KEY DELS ABSENT OR  
REPRESENTED AT SECOND LEVEL DUE TO COMPETITION FROM MTN  
ACTIVITIES. AS IS THEIR HABIT, DELS PAID LITTLE ATTEN-  
TION TO AGENDA AND THEIR COMMENTS OFTEN RANGED OVER  
SEVERAL AGENDA ITEMS AT ONCE. OUR SEPARATION OF THESE  
COMMENTS BY AGENDA ITEM THEREFORE DOES NOT REFLECT ACTUAL  
CHRONOLOGY OF DEBATE.

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3. IMPLEMENTATION OF PART IV AND CURRENT DEVELOPMENTS  
IN TRADE -- JAPAN HIGHLIGHTED LIBERALIZATION MEASURES  
IT HAS TAKEN THIS YEAR WHICH LED MALAYSIA TO EXPRESS  
DOUBT THAT THESE MEASURES HAD HELPED LDCS, PARTICULARLY  
THOSE IN ASIA. YUGOSLAVIA POINTED OUT THAT LIST OF  
RESTRICTIVE ACTIONS IN SECRETARIAT DOCUMENT (COM.TD/W/270)

FAR OUTNUMBERED IMPROVED ACCESS, USING AS AN EXAMPLE RESTRICTIVE ACTIONS BY AUSTRALIA, AND MALAYSIA ATTACKED AUSTRALIAN RESTRAINTS ON FOOTWEAR. AUSTRALIAN DEL LAUNCHED LENGTHY DEFENSE, ATTACKING SECRETARIAT'S INCLUSION IN DOCUMENT OF SEVERAL ITEMS, WHICH HE SAID WERE DRAWN FROM THE SECRETARIAT'S NOT YET RELEASED SECOND ISSUE OF SURVEY OF DEVELOPMENTS IN COMMERCIAL POLICY. HE POINTED OUT THAT AUSTRALIA HAS ALREADY CRITICIZED IN CG-18 THE SECRETARIAT'S METHODS OF OBTAINING INFORMATION FOR THIS DOCUMENT. SEVERAL LDC DELS COMPLAINED THAT INFORMATION DID NOT ALLOW CTD TO ASSESS HOW THESE ACTIONS IMPLEMENTED PART IV, NOR HOW THEY AFFECTED LDC TRADE. PAKISTAN AGAIN SUGGESTED THAT SECRETARIAT SHOULD PROVIDE SUCH AN ASSESSMENT, AND INDIA RECOMMENDED THAT THE COMMITTEE SHOULD ESTABLISH SUBGROUP TO EXAMINE ON A REGULAR BASIS THE "COMPELLING REASONS" WHY TRADE RESTRAINT ACTIONS ARE TAKEN. INDIAN DEL (KUMAR) ALSO WANTED TEXTILE RESTRAINTS INCLUDED REGULARLY IN SECRETARIAT DOCUMENT SINCE THEY REPRESENT AN ABERRATION FROM NORMAL TRADING PATTERNS. JAPANESE DEL THOUGHT THAT INDIAN SUGGESTION FOR A MONITORING COMMITTEE IN THE CTD WOULD DUPLICATE WORK DONE BY BODY SET UP TO POLICE SAFEGUARD CODE, BUT INDIA SUPPORTED BY OTHER DELS ARGUED THAT SAFEGUARD BODY WOULD NOT HAVE IMPLEMENTATION OF PART IV AS ITS MANDATE. KUMAR ALSO SAID THAT DCS SHOULD AFFIRM THAT GSP WOULD CONTINUE BEYOND 1980. SECRETARIAT SAID LIMITED OFFICIAL USE

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THAT STUDY ON EFFECTS OF ACTION ON TRADE COULD NOT BE UNDERTAKEN SATISFACTORILY WITH EXISTING INFORMATION WHICH WAS NOT DETAILED ENOUGH. STUDY ALSO REQUIRED ASSUMPTIONS ABOUT ELASTICITY AND OTHER ECONOMIC VARIABLES, TECHNICAL PROBLEMS THAT WOULD MAKE ANY CONCLUSIONS SUSPECT.

4. PROTECTIONISM -- DELS COMMENTS WERE LACED WITH REFERENCES TO INCREASING PROTECTIONISM. INDIA DEL CALLED IT A "DARKENING SKY," DISAGREED WITH JAPANESE CONTENTION THAT HIGH OIL PRICES AND RESULTING RECESSION WAS MAIN CAUSE, AND SAID THAT FUNDAMENTAL CHANGES IN DC POLICY WERE NEEDED TO COMBAT IT. HE CALLED FOR ORGANIZED STRUCTURAL CHANGES. COST OF THESE STRUCTURAL CHANGES SHOULD NOT BE BORNE SOLELY BY LDCA'S AS THEY ARE WHEN IMPORT RESTRAINTS ARE USED IN PLACE OF ADJUSTMENT. HE THOUGHT THE LDCA'S SHOULD BE COMPENSATED BY THE TRANSFER OF OTHER RESOURCES WHEN SUCH TRADE RESTRAINTS ARE USED BY DEVELOPED COUNTRIES. MALAYSIAN DEL SAID THAT ADJUSTMENT ASSISTANCE WHICH PROPPED UP OLD INDUSTRIES ONLY EXACERBATED THE PROBLEMS OF STRUCTURAL ADJUSTMENT. ADJUSTMENT ASSISTANCE SHOULD BE AIMED AT DIVERSIFYING

INTO NEW INDUSTRIES. PAKISTAN DEL THOUGHT THAT SECRETARIAT PAPER (COM.TD/W/272) SHOWED INCREASING INTERDEPENDENCE OF WORLD TRADING SYSTEM, ESPECIALLY THE INCREASED IMPORTANCE OF DEVELOPING COUNTRY MARKETS FOR DEVELOPED COUNTRY MANUFACTURED EXPORTS. HE, SECONDED BY SRI LANKA, RECOMMENDED THAT SECRETARIAT UNDERTAKE A STUDY OF THIS INTERRELATIONSHIP. SECRETARIAT REPLIED THAT NEW STUDY IN GATT SERIES "STUDIES IN INTERNATIONAL TRADE," TO BE PUBLISHED SOON, WILL EXAMINE DC-LDC INTERRELATIONSHIPS IN 15 MAJOR PRODUCT GROUPS. AUSTRALIA AND FINLAND RECALLED RELATIONSHIP OF DEVELOPED COUNTRY UNEMPLOYMENT TO PROTECTIONISM AND FINDEL SAID UNEMPLOYMENT IN FINLAND PROJECTED TO INCREASE TO NEAR 10 PERCENT OF WORK FORCE. CANDEL POINTED OUT THAT OECD MINISTERS LIMITED OFFICIAL USE

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DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04  
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STRE-00 IO-13 AF-10 ARA-10 EA-10 EUR-12 NEA-11  
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HAD RECENTLY RENEWED TRADE PLEDGE AND THEY HAD AGREED TO TAKE ACTIONS TO FACILITATE STRUCTURAL ADJUSTMENT, BUT SEVERAL LDC DELS (INDIA, PAKISTAN, MALAYSIA) POINTED OUT THAT IMPLEMENTATION OF REPEATED PLEDGES OF GOOD INTEN-

TIONS IS LACKING. IN RESPONSE TO INDIAN DEL'S COMPLAINT THAT NEW PROTECTIONIST MEASURES ARE BEING TAKEN OUTSIDE GATT AND HIS REFERENCES TO TRIGGER PRICE SYSTEM AS ONE SUCH MEASURE, WE EXPLAINED TRIGGER PRICE USING TALKING POINTS REFTEL AND MADE LOW-KEY STATEMENT ON STEEL AS PER STATE 159895. JAPAN DEL MADE CONFUSING INTERVENTION LACED WITH TRIPLE NEGATIVES, ESSENCE OF WHICH WAS THAT JAPAN WAS SUSPICIOUS OF TPM AND WOULD BE KEEPING A CLOSE EYE ON HOW IT FUNCTIONS.

5. NOTIFICATIONS -- SEVERAL LDC DELS THOUGHT THAT SECRETARIAT DOCUMENT WAS IMPROVEMENT OVER EARLIER DOCUMENTS BUT WANTED DCS TO INDICATE COMPELLING REASONS WHY ACTIONS WERE TAKEN AS WELL AS EFFECT ON LDC TRADE. INDIAN DEL REPEATED HIS EARLIER SUGGESTION FOR SUB-LIMITED OFFICIAL USE

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COMMITTEE TO MONITOR TRADE ACTIONS SINCE CTD PRIMARILY A SPEECH-MAKING FORUM. WE SAID U.S. BELIEVED THAT NOTIFICATIONS COULD BE IMPROVED, THAT EXISTING GUIDELINES WERE SUFFICIENT AND THAT WE INTENDED TO INCORPORATE SEVERAL OF PROPOSED IMPROVEMENTS IN OUR NEXT NOTIFICATION. SEVERAL LDCS WELCOMED U.S. STATEMENT, AND NORDICS SAID THEY WOULD JOIN IN ENDEAVOR TO BREATHE LIFE INTO NOTIFICATION. CANADA THOUGHT CTD SHOULD WAIT TO SEE WHAT COMES OUT OF MTN ON NOTIFICATIONS WHILE JAPAN SAID IT WOULD REFER IDEA TO TOKYO. YUGOSLAVIA SAID WE SHOULD STOP WAITING FOR MTN AND FIND SOLUTION WITHIN COMMITTEE.

6. MTN -- MANY LDCS, LED BY YUGOSLAVIA AND COLOMBIA, EXPRESSED DISSATISFACTION AT WAY MTN IS BEING CONDUCTED AND CALLED FOR EARLY MEETING OF TNC. CRITICISM WAS NOT DIRECTED AT PARTICULAR ASPECTS OF MTN BUT AT DC'S HABIT OF SEEKING AGREEMENTS AMONG THEMSELVES AND THEN PRESENTING THEM AS FAIT ACCOMPLI TO LDCS. SEVERAL LDCS NOTED "FINANCIAL TIMES" ARTICLE COMMENTING ON JUNE 19-20 MEETING IN WASHINGTON AND GIVING DATES FOR COMPLETION OF VARIOUS PARTS OF MTN PACKAGE. MANY FEARED THAT RUSH OF DCS TO TIE UP AGREEMENTS MEANT THAT LDCS' CONCERNS WOULD BE FORGOTTEN. SEVERAL INDICATED THAT UNSATISFACTORY RESULTS OF MTN WERE LIKELY TO LEAD TO LDC ACTION IN OTHER FORA. ALL SUPPORTED CALL FOR EARLY TNC TO BRING LDCS UP TO DATE ON STATE OF NEGOTIATIONS. WE EXPRESSED DOUBT AT EFFICACY OF TNC AT THIS POINT USING GUIDANCE STATE 159481. INDIA WARNED THAT ANY AGREEMENT NECESSITATING CHANGES IN GATT RULES OR PROCEDURES WOULD NEED TO BE FORMALLY ADOPTED AND THAT LDCS COULD BLOCK SUCH ADOPTION. EC, IN BLUNT STATEMENT, CHIDED LDCS, NOTING THAT LACK OF TRANSPARENCY EXISTED ON BOTH SIDES AND THAT LDCS HAD

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BEEN ASKED TO INDICATE CONTRIBUTIONS BUT MANY HAD REFUSED IN PRINCIPLE. HE POINTED OUT THAT THOSE WILLING TO CONTRIBUTE THE MOST COULD EXPECT THE MOST OUT OF THE NEGOTIATIONS. MALAYSIAN DEL, QUOTING SECRETARY VANCE'S OECD STATEMENT THAT NORTH-SOUTH RELATIONSHIPS SHOULD BE BASED ON EQUITY AND JUSTICE, SAID THAT BULLDOZING MTN AGREEMENTS IS INCONSISTENT WITH THESE PRINCIPLES AND WILL NOT BE RECOGNIZED BY LDCS, PARTICULARLY WHERE AGREEMENTS TAKE AWAY RIGHTS LDCS ARE NOW ENJOYING UNDER THE GA. JAPDEL SAID THAT JAPAN HAD AGREED ONLY TO MAKE "SUBSTANTIVE PROGRESS" BY JULY 15; THAT JULY 15 WAS NOT A DEADLINE AND THAT TOKYO HAD NOT YET DECIDED WHETHER TO SEND HIGH-LEVEL OFFICIALS TO GENEVA IN NEXT TWO WEEKS. ON TRANSPARENCY, HE POINTED TO INCREASED USE OF 7 PLUS 7. NORDICS SAID LACK OF TRANSPARENCY NOT A QUESTION OF ILL WILL BUT IN THE NATURE OF THE NEGOTIATIONS. WHILE NOT PRESENT AT WASHINGTON MEETING, HE DOUBTED THAT DELEGATES HAD MISSED MUCH.

7. IN ONLY SPECIFIC COMMENTS, AUSTRALIAN DEL MADE STRONG ATTACK ON SELECTIVITY AND MEXICAN DEL (ATTENDING AS OBSERVER FOR THE FIRST TIME) SAID THAT MEXICO WOULD BE MAKING PROPOSALS ON NOTIFICATION PROCEDURES IN THE CONTEXT OF FRAMEWORK DISCUSSIONS ON DISPUTE SETTLEMENT. COMMENT: AUSTRALIAN DEL TOLD US AFTER MEETING THAT PRIME MINISTER FRASER HAD PERSONALLY INSTRUCTED AUSTRALIAN DELEGATION TO MAKE STATEMENT ATTACKING SELECTIVITY. END COMMENT.

8. TECHNICAL ASSISTANCE -- THIS ITEM BROUGHT FORTH USUAL BOUQUET OF COMPLIMENTS FOR SECRETARIAT. SEVERAL LDC DELS SAID THAT SPECIAL UNIT SHOULD CONTINUE AFTER MTN. WE REPEATED OUR SUPPORT FOR UNIT AND AGREED WITH MALAYSIAN DEL THAT FUNCTIONS AND ORGANIZATION OF UNIT SHOULD BE EXAMINED IN VIEW OF POST MTN NEEDS.

9. EXPANSION OF TRADE AMONG DEVELOPING COUNTRIES -- NO LIMITED OFFICIAL USE

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DELEGATION COMMENTED ON THIS TOPIC.

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10. OTHER MATTERS -- NOTING NUMBER OF SUGGESTIONS THAT DELS HAD MADE FOR SECRETARIAT STUDIES AND WORK OF COMMITTEE, WE SUGGESTED THAT COMMITTEE SHOULD EXAMINE ITS POST MTN ROLE. TO AID IN THIS ENDEAVOR WE SUGGESTED THAT SECRETARIAT NOTE ON MANDATE OF COMMITTEE AND ITS PAST ACTIVITIES PLUS A STUDY OF THE RESULTS OF THE MTN, ESPECIALLY AS THEY AFFECT LDCE, COULD SERVE AS A STARTING POINT FOR THE CTD'S CONSIDERATION OF THIS TOPIC. JAPAN THOUGHT IT WAS TOO EARLY TO THINK OF MTN STUDY SINCE MTN NOT LIKELY TO BE COMPLETED BEFORE END OF YEAR, AND CANDEL SAID CTD SHOULD CONSIDER QUESTION AT FUTURE MEETING. SWEDES THOUGHT IDEA HAD MERIT, AND MALAYSIA SUPPORTED U.S. SAYING THAT SECRETARIAT SHOULD BEGIN PRELIMINARY WORK SO AS TO BE IN A POSITION TO COMPLETE WORK RAPIDLY WHEN MTN COMPLETED. COMMENTS WERE LIMITED SINCE SEVERAL KEY DELS (INDIA, BRAZIL, PAKISTAN, ARGENTINA) HAD DEPARTED MEETING.

11. COMMENT: CTD FOLLOWED PATTERN OF RECENT CTD MEET-  
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INGS WITH MOST MEMBERS CONTENT TO DO LITTLE WHILE AWAITING RESULTS OF MTN. NEVERTHELESS, WE HAVE PLANTED IDEA THAT COMMITTEE SHOULD EXAMINE ITS FUTURE

ROLE AND ITEM WILL BE ON THE AGENDA OF THE NEXT MEETING  
OF THE COMMITTEE IN THE FALL. OVER NEXT SEVERAL MONTHS  
WE INTEND TO FOLLOW UP THIS IDEA IN BILATERAL CONTACTS  
WITH ALL KEY DELS IN ORDER TO DETERMINE ATTITUDES ON  
FUTURE WORK OF COMMITTEE. END COMMENT. VANDEN HEUVEL

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, COMMITTEES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978GENEVA09844  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Review Action:** RELEASED, APPROVED  
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**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014